

Last Update: June 29, 2023

Z Holdings Corporation

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The corporate governance of Z Holdings Corporation (the “Company” or “ZHD”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Z Holdings Group (the “Group”) regards corporate governance as an indispensable function for increasing corporate value over the medium to long-term. As stated in the “Promises to Our Users (Charter of Corporate Behavior),” each director and employee fully understands his or her required role, maintains proper corporate governance to earn the trust and understanding of all, and conducts efficient corporate activities.

[Promises to Our Users (Charter of Corporate Behavior)]

The Z Holdings Group, comprised of Z Holdings Corporation and its consolidated subsidiaries and affiliates, conducts business activities in a competitive marketplace in accordance with rules such as the law, fair business practices and social ethics.

We believe that there is value in winning only when you play by the rules, and not by cheating. We promise all stakeholders including our users, shareholders, investors, business partners, communities and employees to be trustworthy, and aim to create a safe and sustainable Internet community by being in tune with the society. We will practice business with the spirit of fair play, and strive to enhance our corporate value by fulfilling the company’s social responsibilities.

For this, the directors and employees fully understand our expected and required roles, will maintain sound corporate governance and will practice efficient corporate activities in order to obtain trust and empathy from everyone.

Moreover, the top management acknowledges that it is our role to fulfill the social responsibilities by honoring the spirit of this Charter on each of the following items: achievement of customer satisfaction and trust; securement of fair and free competition; maintenance of sound relations with legislation and administration; timely and appropriate disclosure of management information; respect for employees; establishment of positive work environment, contribution to global environment conservation, implementation of social contribution activities as “good citizens”; separation from antisocial forces; harmony with communities and cultures; compliance with international rules; strict control of personal information; guarantee of information

security; respect for intellectual property rights. With this in mind, we will respect the spirit of this Charter and commit ourselves to its implementation.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary Principle 2.4.1: Ensuring diversity in the appointment, etc. of key personnel

The Z Holdings Group aims to create new value and continue sustainable growth by respecting the corporate culture and corporate value of each Group company that operates diverse businesses, and by creating synergy among them. To this end, the Group respects the diversity of each Group company and the recruitment and appointment are left to the discretion of each company based on its business strategy. Thus, there is no unified goal for the Group as a whole.

More specifically, each Group company has its own recruitment plan based on its own business strategy for key personnel, and the number of mid-career hires exceeds that of new graduates for the Group as a whole (553 new graduates and 2,221 mid-career hires in the fiscal year ended March 31, 2022). Regarding the promotion of employees to key positions such as managerial positions, the Group expects each company to appoint the right person to the right position, thereby contributing to the Group's growth strategy.

The Group actively hires foreign nationals according to the abilities of each individual, and the number of foreign nationals hired as new graduates and mid-career hires reached 1,033 (results for the fiscal year ended March 31, 2022).

Although the Group has not set a unified target for the promotion of women to management positions for the entire Group as the situation differs depending on the business environment of each Group company, the percentage of women in managerial positions was 21.9% for the whole Group, and the percentage of new appoints of women to managerial positions was 27.4% (both results for the fiscal year ended March 31, 2022). Some subsidiaries set goals to promote female empowerment. For example, ASKUL Corporation ("ASKUL") aims to achieve a 30% ratio of female managers by 2025, while ZOZO, Inc. ("ZOZO"), sets a KPI of 30% for the ratio of women in senior management positions (general managers and above) and directors by 2030.

In light of its human capital development policy, the Z Holdings Group believes that developing and reinforcing human capital (including AI talent), which creates diverse values, is the source of its competitiveness. The Group strives to develop and reinforce its human capital from four aspects: "Recruitment (human capital acquisition)," "Diversity," "Learning & experience," and "Well-being," to contribute to the creation of new value and realization of growth strategies. In addition, from the standpoint of improving the internal environment, the Group promotes work styles that are not restricted by location or time. Most of the Group companies have introduced work-from-home systems, used by approximately 91% of employees (results for the fiscal year ended March 31, 2022). Male employees are also encouraged to take childcare leave, resulting in the utilization rate of 41.8% for the fiscal year ended March 31, 2022. The Z Holdings Group believes that these measures will contribute to good physical and mental health of its employees, which is linked to optimal work performance as well as the happiness of the employees and their families.

A Group reorganization mainly around Z Holdings Corporation and its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, is scheduled on October 1, 2023 (effective date). The Group will review its future policies, indicators and targets in conjunction with the management strategy of the new

company.

<Sustainability Data>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/24/>

[Supplementary Principle 4.1.3: Establishment and implementation of a succession plan by the board]

As an advisory body to the Board of Directors, the Company establishes a Nominating and Remuneration Committee, chaired by an independent outside director (including a director serving on the Audit and Supervisory Committee), and the majority of whose members are independent outside directors (including directors serving on the Audit and Supervisory Committee). The succession plan for the Representative Director and directors is positioned as one of the most important agenda items in this Nominating and Remuneration Committee. From the fiscal year ended March 31, 2022, the Company has established a meeting body for the purposes of human capital development and succession planning for the Group's management personnel, and has conducted a 360-degree assessment of its management personnel.

From the fiscal year ending March 31, 2024 onward, the Company plans to continue to position succession planning as an important agenda item, hold repeated discussions, and work on the formulation of a succession plan.

[Principle 4.11: Preconditions for securing the effectiveness of the Board of Directors]

The Company's Board of Directors consists of 10 members (one female and one foreign national), including six executive directors and four Audit and Supervisory Committee members, who have in-depth knowledge and diverse experience in the Internet field, as well as management experience in other industries and expertise in administration, corporate planning, finance, etc. Moreover, the directors are nominated from a wide range of age groups, ensuring diversity. Directors serving on the Audit and Supervisory Committee include those with broad management experience in administration, corporate planning, finance, etc., and a lawyer who has a high level of expertise in governance. Although there are no members with professional experience in the fields of finance and accounting, the Audit and Supervisory Committee members and the accounting auditors hold meetings, periodically and when necessary, to collaborate on conducting audits properly. The Company believes that the current composition is appropriate in light of the Group's situation.

The Company conducts an evaluation of the effectiveness of the Board of Directors with the aim of further improving the governance of the Company and the Group. In fiscal 2022, feedback interviews with outside directors serving on the Audit and Supervisory Committee, interviews at the Governance Committee and other meetings, and questionnaires, etc. to all directors were conducted, and all the results were analyzed and evaluated by the Board of Directors.

[Principle 5.2: Establishing and disclosing business strategies and business plans]

The evolution of IT technologies is remarkable and forecast is hard to make even in a medium term. In addition, since the Company is in a transitional period following reorganizations such as the business integration and merger, the Company currently does not disclose medium- to long-term management plans, specific policies on capital policy and targets related to capital efficiency, etc. However, when considering the direction of future

revenue expansion, the Company takes capital cost into account to consider the revision of business portfolio and distribution of management resources, and explains such deliberations at the earnings results briefings and shareholders meetings.

In addition, in recent dialogues with shareholders, there has been a growing demand for disclosure of medium- and long-term management plans, specific policies for capital policy, and targets for capital efficiency, etc. Therefore, the possibility and the appropriate timing of future disclosure are continuously discussed among the directors, including outside directors, the GCFO, management, and relevant internal departments.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4: Cross-shareholdings]

■ Policy on acquisition/possession and results of assessment

The Company does not have any so-called mutual shareholdings. For all of the shares held by the Company, the Company, in principle, decides the policy of shareholding and its rationale based on the judgement on whether or not the collaboration with the companies to which shareholding investments are made will lead to the development of the Company's business and the improvement of the corporate value of the Group. More specifically, the shareholding policy and its rationale are examined periodically in the Top Management Committee and the Board of Directors meetings, verifying the profitability of the shareholding from the viewpoints of risks, costs and returns associated and evaluating the business effects derived from business collaborations, etc., with the invested companies. As a result, comprehensive judgements are made on whether or not the shareholding will lead to the development of the Company's business and the improvement of the corporate value of the Z Holdings Group.

■ Basis of exercising voting rights

The Company makes individual judgements on the exercise of voting rights of shares of listed companies held by the Company. The Company considers the details of the agenda and based on the invested company's management policy and business plans, etc., the Company makes a comprehensive judgement on whether the agenda will lead to the increase in the corporate value of the invested company and to the common interest of the shareholders. The Company also considers whether the agenda will create business opportunities between the invested company and the Company, or will have the effect of building, maintaining or strengthening the transaction/collaboration relationship between the two companies to improve the corporate value of the Company.

[Principle 1.7: Framework for appropriate procedures in proportion to the importance and characteristics of the transaction with related parties]

· Z Holdings Corporation stipulates in its Regulations of the Board of Directors Meetings that a person having a special interest in the resolution of the Board of Directors cannot exercise his/her voting right. In judging whether a director's special interest conflicts or not, the Company endeavors to make the right judgments by seeking the opinion of external experts as necessary.

· When doing business with its directors or a company in which its director serves as a representative director,

whereby there is a risk of a conflict of interest arising, Z Holdings Corporation requires prior approval from the Board of Directors in accordance with the Companies Act and the Regulations of the Board of Directors Meetings. Furthermore, the current statuses of these transactions are reported to the Board of Directors once every three months.

· The Company's Board of Directors is composed of 10 directors, four of whom are independent outside directors, ensuring independence. In addition, as an advisory body to the Board of Directors, the Company establishes a Governance Committee composed of the said four independent outside directors. The said Committee deliberates on important matters related to the governance of the Group, etc., in order to strengthen the supervisory function over the Board of Directors, to further improve corporate governance, and to protect the Company's minority shareholders by monitoring decision-making when transactions are conducted with the Group companies, such as the parent companies.

[Principle 2.6: Roles of corporate pension funds as asset owners]

Although the Company does not have a corporate pension fund system, it has introduced a corporate defined contribution pension plan for the purpose of providing asset building opportunities for its employees, and the Company contributes a certain amount of premiums to eligible employees and provides education and training on the system and asset management.

[Principle 3.1 i): Company objectives (e.g., business principles), business strategies and business plans]

(1) Fundamental Business Management Policies

With its mission "UPDATE THE WORLD", unleashing the infinite potential of all people with the power of information technology, the Group aims to realize its vision of creating a hopeful future whereby "Mankind can be free and in control."

With the development of the information technology, we are now able to acquire all kinds of knowledge and information through the Internet and to disseminate information around the world. Using the power of information technology, the Group believes that mankind will be liberated from various restrictions and that a new future will be created.

The Group will adhere to a "users first" standpoint while endeavoring to improve services for sustainable growth. In addition, the Group aims to contribute to solving various problems of people and society, and to improve the corporate value of the Group.

(2) Management Performance Indicators Used for Goals

As its core management performance indicators, the Z Holdings Group gives priority to the revenue, and adjusted EBITDA* for the overall Group. The reasons for setting these indicators are as follows:

Revenue: This indicator was chosen because it is the source of all earnings and can also represent growth and profitability, as well as business size.

Adjusted EBITDA: This indicator was chosen because it provides a measure of recurring profitability by

excluding non-cash income and expenses, such as depreciation and amortization, and one-time gains and losses, such as impairment losses and remeasurement gains and losses from business combinations.

As common indicators for the whole company, Yahoo Japan Corporation uses number of monthly logged-in user IDs, time spent by logged-in users, and others. LINE Corporation uses monthly active users, ratio of daily active users (DAU) to monthly active users (MAU), and others. Indices for the Media Business are advertising-related revenue and number of LINE Official Accounts among others. As indicators for the Commerce Business, the Group uses e-commerce transaction value, etc., and for the Strategic Business, PayPay GMV and number of PayPay payments of PayPay Corporation, credit card transaction volume of PayPay Card of PayPay Card Corporation, and number of PayPay Bank Accounts of PayPay Bank Corporation, etc. are used as indices.

* Adjusted EBITDA: Although adjusted EBITDA is not a financial measure as defined in IFRS, the Company has adopted this indicator in order to enhance understanding of the Group's performance and to use it as a key indicator in assessing the current performance. Therefore, it is possible that other companies may use different calculation methods or use the indicator for different purposes than this Group.

(3) Medium- to Long-Term Business Strategies

(a) Business environment

Due to the recent development of information technology, the distinction between the online and offline worlds has rapidly disappeared in various sectors of society. In the midst of the dramatic expansion of the Internet's potential, the unexpected spread of COVID-19 has brought about a period of unprecedented change. In addition, as the online world merges with the offline world, the value of big data is growing exponentially. As the Japanese government's "Society 5.0" strategy points out, there is a demand for enterprises, which use data to create services and businesses that balance economic development and the solving of social issues.

Furthermore, through the use of the Internet, the Company has seen the birth of numerous innovative and highly convenient services around the world, such as cashless payment, IoT and big data, which are becoming the new standard of our lifestyle. Moreover, the presence of foreign IT companies which have entered the Japanese market is growing year by year. Meanwhile, many startups have also been launched in Japan, and the Company expects a dazzling evolution in the environment of the highly competitive Internet market in the future.

The businesses of the Z Holdings Group can be largely classified into Media Business, Commerce Business and Strategic Business.

The Media Business provides a variety of media services and generates revenue by placing advertisements for companies and other entities. According to Dentsu Inc., total advertising expenditures in Japan was JPY7.1021 trillion for the full year of 2022, increasing 4.4% from the previous year. Despite various domestic and international impacts, including the resurgence of the COVID-19 infection, the situation in Ukraine, and soaring prices, this was a record high since the company began its estimates in 1947. Out of this, Internet advertising spending increased 14.3% year on year to JPY 3.0912 trillion, maintaining a continuously high growth rate amid the digitalization of society and driving the growth of total advertising expenditures in Japan.

Internet advertising media expenditures, which constitute approximately 80% of Internet advertising spending, grew 15.0% year on year to JPY2.4801 trillion, due to the growths of paid search advertising and video advertising. Paid search advertising and display advertising accounted for about 70% of Internet advertising media expenditure, while video advertising grew 15.4% from the year before, accounting for more than 20% of the total.

The Group provides various services, mainly around e-commerce in the Commerce Business. According to a research by the Ministry of Economy, Trade and Industry ("METI"), the BtoC e-commerce market was approximately JPY20.7 trillion in 2021 (up 7.35% YoY), and the EC ratio in the merchandising sector was 8.78%. Japan's EC ratio is rising every year, seeing a significant increase especially in 2020 due to the stay-at-home demand resulting from the expansion of the COVID-19 pandemic. The market size of e-commerce continues to expand in 2021, despite the gradual recovery in opportunities to go outside among consumers. This can be considered as evidence that use of e-commerce is taking root among consumers, and the EC ratio in Japan is expected to increase further.

The Z Holdings Group offers diverse services centered on fintech in the Strategic Business. According to a survey by METI, although Japan's cashless payment ratio in 2022 steadily rose to 36.0% (up 3.5 points compared to the previous year), the level remains low compared to other countries. METI sets a target of hiking the ratio of cashless payment to around 40% by 2025, and then further to the world's highest level of 80% in the future. Thus, Japan's cashless payment market is expected to expand further.

(b) Management strategy

The Z Holdings Group is a globally unique corporate group that covers from online to offline services in a comprehensive manner. The abundance of data collected through its extensive lineup of services provides the Group with an important competitive edge in the creation of new and unique services. The Group aims to provide optimal services for each and every user, and to provide even higher-quality user experiences through the cross-use of data received from each service.

As a Group that has one of the largest data assets in Japan, both in volume and in variety, it will maximize the capacity of its data and will aim to become an enterprise that enhances the value of the whole society.

Basic Policy of Major Business Segments

Media Business

The Media Business provides various media services that are indispensable to the daily lives of users. These services are used by many, and the major source of revenue for the Media Business is advertising. Based on the user-first principle, the Group constantly endeavors to provide needed services at the right time to the users. The Group believes that enhancing its credibility as a media platform will lead to an increase in the number of users, and to an increase in advertising revenue over the medium- to long-term. By utilizing the AI technologies of NAVER Corporation and assets of LINE Corporation, the Group will continue to realize a new marketing solution that comprehensively supports not only the "funnel for acquiring new customers" from

recognition to interest, but also the "funnel for boosting customer loyalty" from purchase to CRM. Furthermore, the Group will provide solutions that commit to conversions by utilizing the accumulated data in combination with PayPay and LINE Official Accounts, etc. As a result, the Group will realize a 1:1 marketing that provides the best suited proposal for each user and will aim to increase the use frequency. The Group also regards its entry into the offline world to be a new chance for its business and is promoting initiatives to also make users' lives in the offline world even more convenient. Using the offline payment data through PayPay, it will comprehensively visualize user actions from "encounter with information" to "purchase" which will give it a foothold to increase its market share in the sales promotion market.

Commerce Business

The Group's Commerce Business provides e-commerce-related services and membership services, etc. The Z Holdings Group will aim to achieve a sustainable earnings growth by connecting the three action points: LINE, Yahoo! JAPAN and PayPay, each of which has one of Japan's largest user base; promoting cross-use among the Group's services; and expanding the Group's ecosystem. The unification of different loyalty programs for different services is underway to promote cross-use of services, as well as the promotion of cross-sell between Yahoo! JAPAN Shopping and LINE Official Accounts. By expanding the loyalty programs for the users of LINE and PayPay, the Group aims to increase the number of members and transaction value of PayPay Card and PayPay, which in turn will expand the e-commerce transaction value. As a medium- to long-term measure, the Group will deploy social commerce utilizing LINE's communication function, as well as Quick Commerce that enables customers to receive products in as little as 15 minutes.

Strategic Business

A wide array of services centered on fintech are deployed in the Strategic Business. Leveraging PayPay, a cashless payment service which has a market share of more than 60% in Japan's QR code payment market, the Z Holdings Group will expand various financial services such as credit cards, banking, securities and insurance. In addition, the Group will actively develop new products and services in areas where further market expansion is expected, such as NFT (Non-fungible Token), AI and healthcare. The Group decides on the details and scale of the investments in new businesses with flexibility, based on the business environment, market trends, and other factors. The Group also makes decisions on whether to continue with or withdraw from new businesses within 3-5 years from service launch.

[Principle 3.1 ii): Basic views and guidelines on corporate governance]

The Z Holdings Group regards corporate governance as an essential function for increasing corporate value over the medium to long term. To this end, as clearly stated in its "Charter of Corporate Behavior," the directors and employees fully understand their expected and required roles, will maintain sound corporate governance and will practice efficient corporate activities in order to earn the trust and sympathy of the Company's stakeholders.

[Principle 3.1 iii): Board policies and procedures in determining the remuneration of the senior management]

and directors]

The Company has positioned executive remuneration as one of the key management strategies to encourage the management team to exercise their leadership. In the Board of Directors meeting held on May 17, 2022, the Company has made significant review to its executive remuneration plan to encourage bold risk-taking by the management team through executive remuneration and to enable the Company to achieve sustainable growth. As a result of the review, a new "Policy for Determining the New Remuneration, Etc., for Individual Directors" has been established subject to approval of each proposal for the revision of executive remuneration at the Company's 27th ordinary general meeting of shareholders held on June 17, 2022.

The review of the executive remuneration system, changes to the Regulations of Remunerations for Directors, etc., and the framework for the executive remuneration plan (the Remuneration Policy) have been deliberated by the Nominating and Remuneration Committee.

For details, please refer to the following announcement.

<Establishment of a New Remuneration Policy and Revision of Executive Remuneration Plan>

https://www.z-holdings.co.jp/en/ir/news/auto_20220517549742/pdfFile.pdf

<Latest remuneration policy>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/02/#anc14>

[Principle 3.1 iv): Board policies and procedures in the appointment and dismissal of the senior management and the nomination of director candidates]

The suitable person for director candidate is nominated by the Board of Directors. The criteria which are taken into consideration include performance, experience, knowledge, popularity, etc. in the Company or in other companies. If a director, etc. falls under the reasons for dismissal as prescribed in the internal regulations, the Board of Directors can resolve the dismissal of the director, etc. in question. A Nominating and Remuneration Committee chaired by an independent outside director (including a director serving on the Audit and Supervisory Committee), and the majority of whose members are independent outside directors (including directors serving on the Audit and Supervisory Committee), will discuss and propose the nomination of director candidates and dismissal of directors, etc. to the Board of Directors. Especially in the nomination process, the Nominating and Remuneration Committee pays heed to prevent membership from gravitating towards all members having similar characteristics, in order to preserve diversity within the Board of Directors.

[Principle 3.1 v): Explanations with respect to the individual appointments, dismissals and nominations on the appointments and dismissals of senior management and nomination of director candidates, based on "Principle 3.1 iv)"]

Z Holdings Corporation discloses the reasons for the nomination of director candidates in the notice of the General Meeting of the Shareholders when a proposal for the election is presented to the General Meeting of the Shareholders.

·Kentarō Kawabe has served in important positions of the Z Holdings Group including manager of the Group's core services such as Yahoo! JAPAN News, Chief Operating Officer (COO) and CEO of Yahoo Japan Corporation, and President and Representative Director, Co-CEO (Co-Chief Executive Officer) of Z Holdings Corporation, contributing to the growth of the Z Holdings Group. From April 2023, he serves as the Chairperson and Representative Director of the Company. In preparation for the Group reorganization scheduled in October 2023, the Company has renominated him as a director candidate so that he can enhance the Group's presence more than ever after the Group reorganization, through his policy liaison and public relation activities.

· Takeshi Idezawa achieved the successful rehabilitation of the management of the company formerly known as livedoor Co., Ltd., has demonstrated strong organizational control and leadership in supervising the overall management of the LINE Group, and drives the rapid synergy generation and reinforcement of governance in the Z Holdings Group. From April 2023, he serves as the President and Representative Director, CEO and is responsible for the overall management. The Company has renominated him as a director candidate so that he can promote the expansion of synergies through the Group reorganization scheduled in October 2023 with greater dynamism.

·Being responsible for product strategy and overseas business for the LINE Group, Jungho Shin has assumed a leading role in the creation of innovative products, thereby driving the growth of the LINE Group. He is also dynamically leading the product strategies of the Z Holdings Group in the Company. From April 2023, he serves as the Representative Director, GCPO (Group Chief Product Officer). The Company has renominated him as a director candidate so that, with his responsibility on the product strategy for the entire Z Holdings Group and its execution, he can accelerate the synergies through the Group reorganization scheduled in October 2023.

·Takao Ozawa has grown the Commerce Business of the Z Holdings Group with strong leadership, such as in promoting the "e-commerce revolution." As the President and Representative Director, CEO of Yahoo Japan Corporation, he is contributing to the further growth of Yahoo Japan Corporation and the generation of synergies across the Z Holdings Group, based on his abundant expertise and his experience as an entrepreneur. The Company has renominated him as a director candidate so that he can lead the further growth of the Company.

·Being responsible for LINE Corporation's overall domestic product strategy and domestic marketing strategy in Japan, Jun Masuda has promoted efforts to improve the brand value of LINE Corporation and promoted swift, innovative business development. As the President and Representative Director, CPO of Z Entertainment Corporation, he has also delivered outstanding achievements in the entertainment domain. The Company has renominated him as a director candidate to improve the overall brand value of the Z Holdings Group, which has a wide variety of services.

·Taku Oketani has dynamically driven the generation of synergies within the Z Holdings Group in collaboration with SoftBank Corp. The Company has renominated him as a director candidate so that he can largely accelerate the promotion of the management strategies of the Group through the Group reorganization scheduled in October 2023, and reinforce the management base towards sustainable profit growth.

· Yoshio Usumi has many years of business execution experience and track record in corporate administration.

He also has abundant knowledge and track record in corporate management and corporate governance as well as deep insight in the IT business. Since he assumed his post as Outside Director (Independent Director) serving on the Audit and Supervisory Committee in June 2019, he has provided appropriate advice, now as the Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee. The Company has renominated him as an outside director candidate serving on the Audit and Supervisory Committee based on the judgement that he is best suited to further enhance the governance system towards the Group reorganization scheduled in October 2023.

·Maiko Hasumi received an MBA from Stanford Graduate School of Business, and has substantial knowledge and experience in corporate management, as well as deep insight as a financial analyst, which she has accumulated from her career as a fund manager. She has served as an outside director (independent director) on the Audit and Supervisory Committee of the Company since March 2021 and has provided useful advice and supervision concerning the Company's management in the Board of Directors meetings, etc., from an investor's perspective. The Company has therefore renominated her as an outside director candidate serving on the Audit and Supervisory Committee.

·As a lawyer, Tadashi Kunihiro has a broad range of insight in corporate crisis management and compliance systems. Based on his expertise, he has a track record of providing appropriate and valuable advice/recommendations at various board of directors meetings, etc., as an outside director and outside corporate auditor for many listed companies, including the Company. In his capacity as Chairperson of the Governance Committee of the Company, he has established a strong governance structure for the Company. In light of this record, the Company judges him suitable to continue performing duties as an outside director and has renominated him as an outside director candidate serving on the Audit and Supervisory Committee.

·Rehito Hatoyama received his MBA from Harvard Business School, and is highly experienced in corporate strategy for globalization, corporate governance and innovation in the IT and entertainment industries. He has substantial insight on business expansion and business management overseas, mainly in the content and character license businesses. In light of his track record of providing appropriate and valuable advice/recommendations from a practical viewpoint in the Company's Board of Directors Meetings, cultivated through his corporate management experience, the Company has renominated him as an outside director candidate serving on the Audit and Supervisory Committee.

[Supplementary Principle 3.1.3: Initiatives, etc. on sustainability]

The Company aims to realize a sustainable society by disclosing information on sustainability and fulfilling its accountability, opening the way to the future with its technological capabilities, and continuously solving social issues. While striving for an accurate understanding of the external environment surrounding the Group, the Company identifies key issues (materiality) based on an analysis of the risks and opportunities that arise from such environment, to set medium-term goals, and continues to promote initiatives that align with these goals. With the key issues in mind, the Company aspires to create new solutions not only to generate profit, but also to contribute to solving social issues, by leveraging its strengths such as the diverse services it encompasses as well as its user base, which is one of the largest in Japan. This in turn will support the realization of the Company's mission: UPDATE THE WORLD - Unleashing the infinite potential of all people, with the power

of information technology.

Furthermore, in light of the new management structure following the business integration with LINE Corporation, and the changing demands of society, etc., the identified materiality issues have been reviewed and revised in March 2022. In September 2022, the Z Holdings Group established a set of initiatives to address each of the identified materiality issues and corresponding evaluation indicators.

Details are available in the section “Implementation of Environmental Activities, CSR Activities etc.” of this report, and the Company’s sustainability website.

<Information on sustainability>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/#anc1>

(a) Human capital and intellectual properties

Developing and reinforcing human capital, including AI talent, that creates diverse value is a source of competitiveness for the Z Holdings Group. Based on this concept, the Z Holdings Group strives to develop and reinforce its human capital from four aspects: "Recruitment (human capital acquisition)," "Diversity," "Learning & experience," and "Well-being," to contribute to the creation of new value and realization of growth strategies.

Furthermore, based on the basic policy of appropriately protecting intellectual property rights, which are important assets to the Group's business, as well as respecting the intellectual property rights of third parties, the Company has established an intellectual property portfolio in each of the various fields in which it operates. In particular, AI is regarded as the key technology for the success of new services, and research and development on technologies to create new value is continuously conducted, by combining AI with a variety of big data. The Company actively applies for patents to ensure that the results can be used safely and securely in its services, and provides some of its useful AI technologies free of charge, to external service providers to use.

Details are available on the Company’s sustainability website.

<Reinforcing Human Capital>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/24/>

<Intellectual Property>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/18/>

(b) Tackling climate change

The Company recognizes the risks posed by climate change as a significant risk to its management, and takes seriously the recommendations issued by TCFD. A scenario analysis on climate change has been conducted, and the risks and opportunities disclosed, in line with the TCFD format. The Company also supports and participates in various initiatives such as CDP*¹, JCI*², and RE100*³, actively disclosing the status of its initiatives.

In February 2022, the Company announced its “2030 Carbon Neutrality Declaration,” a commitment to reduce greenhouse gas emissions (“GHG emissions”) from the business activities of the entire Group to net-zero by FY2030. Yahoo Japan Corporation declared the "FY2023 100% Renewable Energy Challenge" in January 2021,

aiming to achieve the shift to 100% renewable energy for electricity used for business operations such as in data centers by FY2023. In 2016, ASKUL Corporation declared the "2030 CO2 Zero Challenge" and has introduced renewable energy and electric vehicles (EVs) to fulfill its aim to achieve zero CO2 emissions from business sites and logistic centers that ASKUL has direct influence on, as well as from vehicles used to deliver goods from logistic centers to customers.

Carbon Neutrality Declarations have also been announced in other major ZHD Group companies such as LINE Corporation ("LINE") and ZOZO. LINE announced its "2025 Carbon Neutrality Declaration," committing itself to reducing GHG emissions to net-zero by FY2025. In addition to its operation of highly efficient data centers, LINE will work to convert to renewable energy. ZOZO also announced its "2030 Carbon Neutrality Declaration," declaring to reduce its GHG emissions to net-zero by FY2030, and works to introduce renewable energy in its head office and logistic centers. ZOZO continues to introduce renewable energy in other locations as well. ZOZO is also taking on the challenge of energy and resource sustainability by recycling clothing by offering a trade-in discount service, "Replacement Discount," and reselling collected items at ZOZOUSSED.

To achieve the goal by FY2030, first, more than 80% of the electricity used by major Group companies will be generated from renewable energy sources by around FY2025, and then the remaining electricity will be converted to 100% renewable energy sources over the following five years. Furthermore, in order to absorb the GHG emissions of other Group companies that are aiming to convert to 100% renewable energy in the 2030s, Yahoo Japan Corporation has begun its initiatives to become carbon negative to enable the entire Group to achieve carbon neutrality by FY2030. In June 2022, the Company joined RE100.

In addition, in cooperation with other companies that conduct business together with the Z Holdings Group, the Company has begun to study the possibility of reducing indirect GHG emissions of these companies.

Details are available on the Company's sustainability website.

<Legal Compliance and Fulfillment of Responsibilities in the International Community>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/21/>

*¹An international NGO that operates a global information disclosure system to help investors, companies, cities, countries, and regions manage environmental impacts.

*²Japan Climate Initiative: a network to reinforce the communication and exchange of information between companies, local governments, and NGOs actively working to tackle climate change.

*³ A global initiative led by the Climate Group and CDP which aims to source 100% of electricity for business operations from renewable sources.

[Supplementary Principle 4.1.1: Scope of the delegation of tasks to the management staff]

The Board of Directors makes decisions regarding the Company's management policies, management strategies, business plans, acquisition and disposal of important assets, and important organizational and personnel matters, and supervises the execution of duties by the directors. Specifically, items such as high value investments and loans, and the acquisition or liquidation of high value assets are within the purview of items to be resolved by the Board of Directors. Decisions regarding other individual business matters are, as a rule, to be handled by the management staff in accordance with the Regulations of the Board of Directors

Meetings.

[Principle 4.9: Independence standards for independent outside directors]

Z Holdings Corporation adopts the same independence criteria for independent directors as those specified by Tokyo Stock Exchange, Inc.

[Supplementary Principle 4.10.1: Policy regarding the independence of the composition of the committees]

The Company establishes a Nominating and Remuneration Committee as a voluntary committee for the purposes of proposing to the Board of Directors, the nomination of Representative Director, directors and others, and deciding and proposing to the Board of Directors, the remunerations, etc. of directors (excluding those serving on the Audit and Supervisory Committee).

The Nominating and Remuneration Committee consists of five members, and is chaired by Yoshio Usumi, an independent outside director serving as a full-time Audit and Supervisory Committee member.

The other members are: Rehito Hatoyama, Maiko Hasumi, and Tadashi Kunihiro, who are independent outside directors serving on the Audit and Supervisory Committee; and Takeshi Idezawa, President and Representative Director, CEO. The independence of the Nominating and Remuneration Committee is ensured by the fact that the majority of the members are independent outside directors. In addition, the decision-making process is also designed to ensure independence, as decisions are made by a majority of all committee members.

The Nominating and Remuneration Committee also discusses the diversity of directors and will continue to discuss the skills and experience required of directors and the composition of directors, etc., taking into consideration future changes in the business environment as well as the future image of the Company.

[Supplementary Principle 4.11.1: View on the appropriate balance between knowledge, experience and skills of the Board as a whole]

Z Holdings Corporation takes the following into consideration regarding the composition and scale of its Board of Directors:

To ensure diversity among company directors, the Board of Directors of Z Holdings Corporation is constituted by not only directors with deep knowledge and diverse experience in the field of Internet service business; but also by individuals with experience of management from other industries and those with extensive, specialized knowledge in fields such as administration, corporate planning, and finance.

Four non-executive directors

Two with experience of management from industries outside of Internet service Two seasoned specialists in administration, corporate planning, finance, etc.

One female

The Nominating and Remuneration Committee also discusses the diversity and necessary skills of the Board of Directors, including independent outside directors, and will continue to discuss how to ensure the diversity of the Board of Directors in the future, including future changes in the business environment as well as the skills, experience, etc., required of directors.

[Supplementary Principle 4.11.2: Directors who hold concurrent posts in other listed companies]

■ Major titles in other companies

- Takao Ozawa: ASKUL Corporation, Outside Director; ZOZO, Inc., Director; Demae-can Co., Ltd., Outside Director
- Jun Masuda: Demae-can Co., Ltd., Outside Director
- Maiko Hasumi: CyberBuzz, Inc., Outside Board Member; Neural Group Inc., Outside Director
- Tadashi Kunihiro: OMRON Corporation, Outside Audit & Supervisory Board Member
- Rehito Hatoyama: Pigeon Corporation, Outside Director; transcosmos inc., Outside Director

[Supplementary Principle 4.11.3: Analysis and evaluation of the effectiveness of the Board of Directors as a whole]

The Company conducted an evaluation of the effectiveness of the Board of Directors with the aim of further improving the governance of the Company and the Group. The method and results of the evaluation for fiscal 2022, as well as issues to be addressed in the future, are described below.

<Method of evaluation>

Feedback interviews were conducted with outside directors serving on the Audit and Supervisory Committee immediately after the Board of Directors meetings (eight times in total), and a questionnaire was sent to all directors at the end of the fiscal year. In addition, interviews were conducted at the Governance Committee regarding the effectiveness of the Board of Directors. All the results were analyzed and evaluated by the Board of Directors.

<Results of the evaluation and future issues to be addressed>

Based on the content of the feedback interview conducted immediately after the Board of Directors meeting, measures such as increasing the time for discussion on strategies were flexibly implemented. As a result, the results of the abovementioned interviews, etc., confirmed the evaluation that the board's agendas were set around important issues and that the agendas were well explained.

Furthermore, a questionnaire conducted with all directors indicated that the Company's Board of Directors is generally effective in all of the following evaluation items.

Based on the results of these interviews and questionnaires, the Board of Directors analyzed the results and concluded that the Company's Board of Directors is effective as a whole.

On the other hand, the results of this analysis and evaluation identified the following issues as challenges: providing information to the Board of Directors to deepen discussions on strategy, further enhancing feedback from stakeholders as identified through dialogue with shareholders, operating the Board of Directors meetings in a manner that takes into account the Group reorganization and the Company's governance characteristics; and deepening discussions on appropriate succession planning, appropriate composition of the Board of Directors, and human resources strategy.

In fiscal 2023, the Company will strive to recognize and improve the abovementioned issues, and will also

continue to proactively address other issues to further enhance the effectiveness of the Board of Directors and improve the corporate value of the Group.

<Reference: Major evaluation items in the questionnaire>

Composition and operation of the Board of Directors

Management strategies and business strategies

Corporate ethics and risk management

Performance monitoring

Evaluation and remuneration of the management team

Dialogue with shareholders

Initiatives for the fiscal 2022 action plans, etc.

[Supplementary Principle 4.14.2: Training policy for directors]

The Company ensures that the directors have opportunities to deepen their understanding of the business through explanations of the business and systems when they are newly appointed, as well as through advance explanations of proposals for Board of Directors meetings.

[Supplementary Principle 5.1.2: Policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders]

Z Holdings Corporation discloses information to capital market participants (shareholders, investors, analysts, etc.) and all other stakeholders in a timely, accurate, and fair manner in accordance with the Financial Instruments and Exchange Law and the rules set forth by the Tokyo Stock Exchange, Inc. The Company has adopted the following policies in order to engage in constructive dialogue with its shareholders:

(i) Appointment of managers or directors to oversee the dialogue with shareholders

The President and Representative Director supervises the dialogue with shareholders, and the Group Chief Financial Officer (GCFO) is placed in charge of the disclosure of information. IR Department, which specializes in investor relations, is established, and the Department shares and discusses the status of dialogue with shareholders regarding the company's growth strategy and management information with the President and Representative Director, GCFO, corporate officers in charge of major businesses, and others.

(ii) Measures to ensure positive cooperation between internal divisions such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue
IR Department, which specializes in investor relations, coordinates not only with the financial affairs, accounting, and legal affairs divisions, but also with divisions in charge of businesses, risk management, security, human resources, procurement and ESG, to create documents suitable for release and help realize constructive dialogue with shareholders and investors. In addition, to deepen understanding on the viewpoints of capital markets within the company, the IR Department takes the lead in strengthening internal and intra-Group cooperation by compiling and regularly sharing opinions and proposals from shareholders and investors, as well as promoting attendance at meetings with shareholders and investors.

(iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor

meetings and other IR activities)

Z Holdings Corporation holds earnings results briefings in which the results are explained by the President and Representative Director, GCFO, and others. Leveraging live streaming, on-demand videos and teleconference systems, etc., the Company proactively shares the content of the earnings results briefings. In addition, archives of the meetings are available on the Company's website so that investors and analysts in Japan and overseas who are unable to attend in real time can review the content of the financial results announcements. Individual interviews and group meetings are also held for the research analysts of securities companies and institutional investors, in which the President and Representative Director or the management speak proactively about the growth strategies and share operational information about the Z Holdings Group. For IR activities targeting foreign investors, Z Holdings Corporation creates the majority of the disclosure publications in English. In addition, the Company visits its overseas investors hosting "Overseas Roadshows," primarily in North America, Europe, and Asia, in which it gains the opportunity to directly engage in dialogues with its foreign investors. In recent years, due to restrictions on overseas travel following the increase in the COVID-19 infections, it had been difficult to visit overseas investors through the "Overseas Roadshows." Therefore, the Company also provides opportunities for ongoing dialogue with a wide variety of foreign investors through videoconferencing.

In regards to IR publications, from immediately after the Company's initial public offering in 1997, the Company has continued to publish a detailed overview of its financial and business operations as a quarterly financial report to ensure timely disclosure. In addition, along with these reports, the Company summarizes and discloses information on potential risks to the Company. Current publications, as well as an archive of all past ones, are published on the Company website.

(iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the Board

The IR Department compiles the opinions and proposals of shareholders and investors, the status of shareholdings, analyst reports, stock market, stock price trends and capital policies of the Company and its competitors, and other information obtained through dialogue with shareholders and investors into reports, and reports them regularly to directors including outside directors, GCFO, corporate officers in charge of major businesses, and relevant internal departments at meetings such as the Board of Directors, the Top Management Committee, and the Audit and Supervisory Committee. In addition, depending on the content of the report, the IR Department uses e-mail and internal communication tools to immediately share and disseminate information, thereby strengthening the activities to provide feedback of capital market opinions within the Company and the Group.

(v) Measures to control insider information when engaging in dialogue

In keeping with the "Regulations on the Prevention of Insider Trading", material facts which have not yet been officially announced are thoroughly controlled and appropriately handled. In order to prevent leaks in information and preserve impartiality, the Company has instated a quiet period regarding information on its business results. During this period, company representatives will refrain from answering any questions or providing any comments related to the business results.

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
A Holdings Corporation	4,853,802,475	64.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	453,419,600	6.02
Custody Bank of Japan, Ltd. (Trust account)	168,118,300	2.23
STATE STREET BANK AND TRUST COMPANY 505325	158,333,428	2.10
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	60,037,640	0.80
JP MORGAN CHASE BANK 385635	57,670,251	0.77
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS -SEGR ACCT	56,538,800	0.75
MSIP CLIENT SECURITIES	54,489,763	0.72
HSBC BANK PLC A/C CLIENTS 3	52,110,600	0.69
GOLDMAN SACHS INTERNATIONAL	50,694,600	0.67

Name of Controlling Shareholder, if applicable (excluding Parent Company)

Name of Parent Company, if applicable

SoftBank Corp. (Listed Stock Exchange: Tokyo (Code: 9434))

Supplementary Explanation

· Status of major shareholders is as of March 31, 2023. In addition to the above, the Company has treasury stock of 103,047,215 shares as of March 31, 2023. Please note that the treasury stock does not include the Company's shares (33,773,403 shares) held by the Stock Delivery Trust (J-ESOP), RSU Plan (Board Incentive Plan Trust), and Stock Delivery ESOP Trust.

· A Holdings Corporation, the largest shareholder, is a subsidiary of SoftBank Corp., and SoftBank Corp. is the parent company, etc. that has the greatest influence on the Company.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
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Fiscal Year-End	March
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Business Sector	Information & Communication
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Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	JPY1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more and fewer than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

The parent company of Z Holdings Corporation is SoftBank Group Corp., SoftBank Group Japan Corporation, SoftBank Corp., and A Holdings Corporation. Z Holdings Corporation has enacted “Regulations for Appropriate Business Transactions and Practices by Z Holdings Corporation, its Parent Company, Subsidiaries, and Affiliates.” In accordance with these regulations, Z Holdings Corporation strives to maintain its commitment to fair and proper transactions by expressly forbidding clearly advantageous or disadvantageous transactions with its parent company, etc. which are judged by comparing transactions with a third party or with other similar transactions, and performing of transactions for the purpose of shifting profits, losses, or risks. In addition, the Company mandates that certain transactions and actions with the parent company be discussed by the Governance Committee.

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

(1) Basic view and policy underlying group management

The Company has numerous publicly listed subsidiaries. Under its mission statement “UPDATE THE WORLD,” which it shares with its subsidiaries, the Company operates a wide range of businesses to realize its vision of creating a hopeful future whereby “Mankind can be free and in control” utilizing the power of information technology.

Under the goal of maximizing the Group’s value, the Z Holdings Group respects the autonomy of its subsidiaries and ensures their independence to work together to create synergies and to continuously evolve and grow.

(2) Measures to ensure effective governance structure for listed subsidiaries

The Company recognizes that it is important for its listed subsidiaries to enhance their value in the medium and long term and thereby maximize the joint interest of all shareholders, including minority shareholders and Z Holdings Corporation. In this light, the Company exercises its voting rights for proposals of its listed subsidiaries.

In addition, for the purpose of managing the companies to which the Company invests, the Company has set forth the Regulations for the Management of Affiliated Companies, based on which it asks its subsidiaries and affiliates to seek its prior approval or inform it with respect to important decision-makings, etc. However, the Company refrains from imposing prior approval requirements on its listed subsidiaries that would affect

their independence, and gives consideration not to unduly constrain decision-making of each company.

In addition, the Company's outside directors regularly meet with the outside directors, etc. of individual listed subsidiaries to confirm that the Company is not unfairly restraining the decision-making of each company.

(3) Significance of having listed subsidiaries

The Company believes that it would lead to greater business growth and enhanced value of each subsidiary, and would consequently better contribute to the Group's overall value, if its listed subsidiaries operated under constant scrutiny of the stock market, while maintaining good relationships with their customers, business partners, employees, and other stakeholders, and pursue their autonomous business management that respects the interest of their minority shareholders. For this reason, at this point in time, the Company believes that it is preferable that these listed companies continue to be publicly listed.

The significance of having listed subsidiaries is as stated below.

■ ASKUL Corporation

ASKUL Corporation's business revolves around mail order service for BtoB, online mail-order services for individuals, and other delivery services. In the face of expanding use of online mail-order services in Japan, the Company believes that ASKUL's sustained independence and autonomy as a listed company, and its active collaboration with other companies in the Group, will contribute to enhancing the Group's overall value.

■ ZOZO, Inc.

The main businesses of ZOZO are planning and operation of fashion EC website, operational support of brand's own EC websites, and operation of a fashion coordination app. As the Group aims to expand its e-commerce business among the younger generation, the Company believes that ZOZO's sustained independence and autonomy as a listed company, and its active collaboration with other companies in the Group, will contribute to enhancing the Group's overall value.

■ ValueCommerce Co., Ltd.

ValueCommerce Co., Ltd. is engaged mainly in marketing solution business (affiliate marketing) and EC solution business (Storematch/STORE's R ∞). In order to maintain the Z Holdings Group's competitiveness in the increasingly competitive marketing solution business field, the Company believes that ValueCommerce's sustained independence and autonomy as a listed company, and its active collaboration with other companies in the Group, will contribute to enhancing the Group's overall value.

■ AlphaPurchase Co., Ltd.

MRO (Maintenance Repair and Operations) and FM (Facility Management) for BtoB are the main businesses of AlphaPurchase Co., Ltd. The shares of AlphaPurchase Co., Ltd. are directly held by ASKUL Corporation. Z Holdings Corporation indirectly holds shares of AlphaPurchase Co., Ltd. through its holdings in ASKUL Corporation. For more information on AlphaPurchase Co., Ltd., please refer to ASKUL Corporation's report

on corporate governance.

(4) Ensuring independence from the parent company

There are no directors of the Company who concurrently serve as directors of the parent company, and there are no directors invited from the parent company who concurrently serve as directors or employees of the parent company.

Also, Z Holdings Corporation relies very little on its parent company or other members of its company group for its business transactions. Most of its partners in its transactions are consumers or corporations with no investment relationship with Z Holdings Corporation. Furthermore, Z Holdings Corporation has enacted “Regulations for Appropriate Business Transactions and Practices by Z Holdings Corporation, its Parent Company, Subsidiaries, and Affiliates”. In these regulations, Z Holdings Corporation has intentionally and expressly stipulated the prohibition of: transactions with the parent company which are clearly advantageous or disadvantageous compared to transactions with third parties or to comparable transactions; and transactions for the purpose of shifting profits, losses, or risks.

Z Holdings Corporation has stipulated in the Regulations of the Board of Directors Meetings that a person having a special interest in the resolution of the Board of Directors cannot exercise his/her voting right. In addition, the Company endeavors to make an accurate judgment when determining whether a person falls under a person having a special interest by seeking advice of external experts as necessary.

Please note that the independence of the Company’s Board of Directors is secured through the appointment of four independent outside directors out of 10 directors, and the Governance Committee, consisting of four such independent outside directors, is established as an advisory body to the Board of Directors. The Governance Committee discusses important matters related to the Group’s governance and other matters in order to strengthen the supervisory function of the Board of Directors, further improve corporate governance, and protect the Company’s minority shareholders by monitoring decision-making when transactions with the parent company and other Group companies are implemented.

II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10

Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshio Usumi	From another company												
Maiko Hasumi	From another company												
Tadashi Kunihiro	From another company												
Rehito Hatoyama	From another company												

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yoshio Usumi	○	○	-	Yoshio Usumi has many years of business execution experience and track record in corporate administration. He also has abundant knowledge and track record in corporate management and corporate governance as well as deep insight in the IT business. Since he assumed his post as Outside Director (Independent

				<p>Director) serving on the Audit and Supervisory Committee in June 2019, he has provided appropriate advice, now as the Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee. The Company has renominated him as an outside director candidate serving on the Audit and Supervisory Committee based on the judgement that he is best suited to further enhance the governance system towards the Group reorganization scheduled in October 2023.</p>
Maiko Hasumi	○	○	-	<p>Maiko Hasumi received an MBA from Stanford Graduate School of Business, and has substantial knowledge and experience in corporate management, as well as deep insight as a financial analyst, which she has accumulated from her career as a fund manager. She has served as an outside director (independent director) on the Audit and Supervisory Committee of the Company since March 2021 and has provided useful advice and supervision concerning the Company's management in the Board of Directors meetings, etc., from an investor's perspective. The Company has therefore renominated her as an outside director candidate serving on the Audit and Supervisory Committee.</p>

Tadashi Kunihiro	○	○	-	<p>As a lawyer, Tadashi Kunihiro has a broad range of insight in corporate crisis management and compliance systems. Based on his expertise, he has a track record of providing appropriate and valuable advice/recommendations at various board of directors meetings, etc., as an outside director and outside corporate auditor for many listed companies, including the Company. In his capacity as Chairperson of the Governance Committee of the Company, he has established a strong governance structure for the Company. In light of this record, the Company judges him suitable to continue performing duties as an outside director and has renominated him as an outside director candidate serving on the Audit and Supervisory Committee.</p>
Rehito Hatoyama	○	○	-	<p>Rehito Hatoyama received his MBA from Harvard Business School, and is highly experienced in corporate strategy for globalization, corporate governance and innovation in the IT and entertainment industries. He has substantial insight on business expansion and business management overseas, mainly in the content and character license businesses. In light of his track record of providing appropriate and valuable advice/recommendations from a practical viewpoint in the Company's Board of Directors Meetings, cultivated through his</p>

				corporate management experience, the Company has renominated him as an outside director candidate serving on the Audit and Supervisory Committee.
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Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	0	4	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

In accordance with the “Regulations for Securing an Audit System for the Audit and Supervisory Committee Members”, Z Holdings Corporation has established an Audit and Supervisory Committee Office and has appointed employees whose sole task is to assist with the duties of the Audit and Supervisory Committee members and the duties of the Audit and Supervisory Committee. In addition, the system allows the Audit and Supervisory Committee members or the Audit and Supervisory Committee to independently hire additional employees to support the duties of the Audit and Supervisory Committee members if the Audit and Supervisory Committee wishes to do so. The instructions, orders to and the evaluation of the employee, who supports the duties of the Audit and Supervisory Committee and the Audit and Supervisory Committee member will be performed by the members of the Audit and Supervisory Committee, and all personnel changes and disciplinary measures targeting the employee must be carried out with the consent of the Audit and Supervisory Committee.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee members and accounting auditors hold regular meetings (and additional meetings as necessary) and collaborate to ensure that both parties are properly performing their auditing duties.

In addition, the Audit and Supervisory Committee members and the division in charge of internal audit hold regular meetings, and additional meetings as necessary, and collaborate to report on their respective auditing systems, audit planning, audit execution statuses, and audit results.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to

Established

Nomination Committee or Remuneration Committee

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating and Remuneration Committee	5	2	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nominating and Remuneration Committee	5	2	1	4	0	0	Outside Director

Supplementary Explanation

The Company establishes a Nominating and Remuneration Committee as a voluntary committee for the purposes of proposing to the Board of Directors, the nomination of Representative Director, directors and others, and deciding and proposing to the Board of Directors, the remunerations, etc. of directors (excluding those serving on the Audit and Supervisory Committee).

The Nominating and Remuneration Committee consists of five members, and is chaired by Yoshio Usumi, independent outside director serving as a full-time the Audit and Supervisory Committee member. The other members are: Rehito Hatoyama, Maiko Hasumi, and Tadashi Kunihiro, who are independent outside directors serving on the Audit and Supervisory Committee; and Takeshi Idezawa, President and Representative Director, CEO. The independence of the Committee is ensured by the fact that a majority of its members are independent outside directors. In addition, decisions are made by a majority of all Committee members, ensuring independence also in the decision-making process.

More specifically, based on the Regulation for the Nominating and Remuneration Committee determined by the Board of Directors, the Nominating and Remuneration Committee makes proposals, etc. to the Board of Directors on all matters related to the agenda of the shareholders meeting on the election and dismissal of the representative director and directors. The Committee will also consider establishing and implementing the succession plan of the representative director and other matters. Furthermore, based on the Regulations of Remunerations for Directors, the Committee determines the amount of remunerations, etc. of the directors (excluding those serving on the Audit and Supervisory Committee) after careful deliberation, taking into consideration the business performance in each quarter, contributions to the business performance, and other factors. With respect to stock-based remuneration, proposals, etc., are made to the Board of Directors, based on the Committee's resolutions.

Matters Concerning Independent Directors

Number of Independent Directors	4
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Other Matters Concerning Independent Directors

Outside directors who qualify as independent directors are all appointed as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme/Introduction of Stock Options Scheme
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Supplementary Explanation for Applicable Items

Cash bonuses: Incentives to contribute to short-term performance and enhancement of corporate value

Stock-based remuneration (stock options): Incentive to contribute to the enhancement of shareholder value and corporate value over the medium- to long-term

Stock-based remuneration (RSU plan): Alignment with shareholders and retention of talented management personnel

To achieve the performance goal for the fiscal year ending March 31, 2024, the Company's Board of Directors resolved on April 28, 2023, not to pay the stock-based remuneration to the directors (excluding those serving on the Audit and Supervisory Committee). In addition, the Audit and Supervisory Committee discussed and decided not to pay the stock-based remuneration to the directors serving on the Audit and Supervisory Committee. The Company has also reduced the monetary remuneration to Jungho Shin, Representative Director, GCPO (Group Chief Product Officer), at his request.

For details, please see the following announcement:

< Reduction, etc. in Executive Remuneration >

https://www.z-holdings.co.jp/en/ir/news/auto_20230428556240/pdfFile.pdf

Persons Eligible for Stock Options	Inside Directors
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Supplementary Explanation for Applicable Items

Intended to share the benefits and risks of stock price fluctuations with shareholders and to motivate the Executive Directors etc. more than ever to contribute to raising the stock price and increasing corporate value.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	Individual Disclosure for All Directors
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Supplementary Explanation for Applicable Items

Please refer to the Company's website on corporate governance for details on fiscal 2022 executive remunerations for the directors of Z Holdings Corporation.

<Corporate Governance>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/02/#anc8>

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

The Company has positioned executive remuneration as one of the key management strategies to encourage the management team to exercise their leadership. In the Board of Directors meeting held on May 17, 2022, the Company has made significant review to its executive remuneration plan to encourage bold risk-taking by the management team through executive remuneration and to enable the Company to achieve sustainable growth. As a result of the review, a new "Policy for Determining the New Remuneration, Etc., for Individual Directors" has been established subject to approval of each proposal for the revision of executive remuneration at the Company's 27th ordinary general meeting of shareholders held on June 17, 2022.

The review of the executive remuneration system, changes to the Regulations of Remunerations for Directors, etc., and the framework for the executive remuneration plan (the Remuneration Policy) have been deliberated by the Nominating and Remuneration Committee. For details, please refer to the following announcement.

<Establishment of a New Remuneration Policy and Revision of Executive Remuneration Plan>

https://www.z-holdings.co.jp/en/ir/news/auto_20220517549742/pdfFile.pdf

<Latest remuneration policy>

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/02/#anc14>

Support System for Outside Directors

Timely and necessary support is provided to the outside directors, such as providing them with opportunities to receive explanations about the Company's business and systems when they are newly appointed, as well as opportunities to deepen their understanding of the Company's business by offering explanations about the proposals of the Board of Directors meetings in advance.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

Corporate Governance System

(1) Board of Directors

The Board of Directors is responsible for corporate management policies, management strategy, business planning, the acquisition and liquidation of important assets, decision making regarding important organization and personnel matters, and the supervision of the business execution of the directors.

The composition of the Board of Directors, chaired by the President and Representative Director, is as shown in the table below.

In order to ensure supervision and decision-making from objective and diverse points of view, four out of the 10 directors are independent outside directors. In nominating the director candidates, the Board of Directors receives the proposals from the Nominating and Remuneration Committee of which the majority is constituted by independent outside directors, takes the performance, experience, knowledge, popularity, etc. in and out of this Company of the candidates into account to resolve the appropriate candidates, and proposes the candidates to the shareholders meeting.

In addition, in order to ensure the effectiveness and efficacy of decision-making, the Board of Directors analyzes and evaluates the efficiency of meeting operations and the effectiveness and efficacy of resolutions every year, and discloses a summary of the results.

<Titles/names>

Chairperson and Representative Director: Kentaro Kawabe

President and Representative Director, CEO, Marketing & Sales CPO: Takeshi Idezawa

Representative Director, GCPO (Group Chief Product Officer): Jungho Shin

Director, Senior Managing Corporate Officer, CGSO (Chief Group Synergy Officer), E-commerce CPO: Takao Ozawa

Director, Senior Managing Corporate Officer, Entertainment CPO: Jun Masuda

Director, Senior Managing Corporate Officer, CSO (Chief Strategy Officer): Taku Oketani

Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member: Yoshio Usumi

Outside Director (Independent Director), Audit and Supervisory Committee Member: Maiko Hasumi

Outside Director (Independent Director), Audit and Supervisory Committee Member: Tadashi Kunihiro

Outside Director (Independent Director), Audit and Supervisory Committee Member: Rehito Hatoyama

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee is responsible for auditing and supervising the entirety of the company's business activities, including the appropriateness of policy, planning, and procedures; effective business implementation; and compliance to laws and regulations through the perusal of important final decision documents, etc., the inspection of subsidiary companies, and so on. Furthermore, the Audit and Supervisory Committee receives reports on the auditing methods and results from the account auditors and internal audit methods and results from the division in charge of internal audit. Based on these activities, the Audit and Supervisory Committee regularly presents its opinions as an Audit and Supervisory Committee to the directors who are not Audit and Supervisory Committee members.

The Audit and Supervisory Committee is composed of four members, Yoshio Usumi, Maiko Hasumi, Tadashi Kunihiro, and Rehito Hatoyama, who are all independent outside directors, and is chaired by Yoshio Usumi.

The Company's nomination criteria for outside directors are that they must be able to fulfill their social responsibilities in accordance with the Company's Charter of Corporate Behavior, and that they must have sufficient social credibility. In addition, the independent standards set by Tokyo Stock Exchange, Inc. are used as the Company's independence standards.

Furthermore, in light of the Group's situation, Audit and Supervisory Committee members include persons with broad management experience such as management, corporate planning, finance, etc., as well as a lawyer with a high level of expertise in governance and other areas. The Audit and Supervisory Committee members and the accounting auditors hold meetings, periodically and when necessary, to collaborate on the proper execution of audits.

(3) Nominating and Remuneration Committee

The Company establishes a Nominating and Remuneration Committee as a voluntary committee for the purposes of proposing to the Board of Directors, the nomination of Representative Director, directors and others, and deciding and proposing to the Board of Directors, the remunerations, etc. of directors (excluding those serving on the Audit and Supervisory Committee).

The Nominating and Remuneration Committee consists of five members, and is chaired by Yoshio Usumi, who is an independent outside director and a full-time member of the Audit and Supervisory Committee. The Nominating and Remuneration Committee also consists of: Rehito Hatoyama, Maiko Hasumi, and Tadashi Kunihiro, who are independent outside directors serving on the Audit and Supervisory Committee; and Takeshi Idezawa, President and Representative Director, CEO. The independence of the Committee is ensured by the fact that a majority of its members are independent outside directors. In addition, decisions are made by a majority of all Committee members, also ensuring independence in the decision-making process.

More specifically, based on the Regulation for the Nominating and Remuneration Committee determined by the Board of Directors, the Nominating and Remuneration Committee makes proposals, etc. to the Board of Directors on all matters related to the agenda of the shareholders meeting on the election and dismissal of the representative director and directors. The Committee will also consider establishing and implementing the succession plan of the representative director and other matters. Furthermore, based on the Regulations of Remunerations for Directors, the Committee determines the amount of remunerations, etc. of the directors (excluding those serving on the Audit and Supervisory Committee) after careful deliberation, taking into consideration the business performance in each quarter, contributions to the business performance, and other factors. With respect to stock-based remuneration, proposals, etc., are made to the Board of Directors, based on the Committee's resolutions.

(4) Governance Committee

The Company establishes a Governance Committee, composed of four independent outside directors, Tadashi Kunihiro, Yoshio Usumi, Maiko Hasumi, and Rehito Hatoyama and is chaired by Tadashi Kunihiro.

For transactions that involve parent companies, etc., the Governance Committee deliberates from the perspective of fairness, economic rationality, and legality, prior to the submission of proposals to the Board of Directors. In addition, for matters that are not subject to be proposed to the Board of Directors, in principle, the Governance Committee conducts a preliminary review based on the same perspective. Furthermore, by discussing important matters related to corporate governance, the supervisory function of the Board of Directors is strengthened to further improve corporate governance and protect the Company's minority shareholders.

3. Reasons for Adoption of Current Corporate Governance System

- Z Holdings Corporation regards corporate governance as a vital function in order to “enhance medium- to long-term corporate value” and conducts appropriate and effective corporate management. Meanwhile, Z Holdings Corporation has converted to a company with an Audit and Supervisory Committee from June 2015, in order to establish both: a structure that encourages “aggressive governance” so that timely business decisions can be made in the Internet industry; and a structure that promotes the aim of the corporate governance code, namely “transparent, fair, timely, and decisive decision making”.
- In October 2019, Z Holdings Corporation moved to a holding company structure, with a view to promoting its business strategy more swiftly by enabling flexible and expeditious decision-making and optimum allocation of its management resources. Under this structure, the Company undertakes integrated management of the Group companies as its main responsibility, and each group company executes business. Z Holdings Corporation judges the current system to be the best whereby the speedy decision-making and monitoring of management is secured by dividing the basic roles of supervision of business management from the actual business execution, within the Group.
- As part of its ongoing effort to strengthen supervision and enhance the quality of decision-making, Z Holdings Corporation appointed four of the ten directors from independent outside director candidates upon the Business Integration in March 2021, with a view to ensuring supervision and decision-making from objective and diverse points of view.
- A Group reorganization with Z Holdings Corporation the surviving company is scheduled on October 1, 2023 (effective date). (The companies subject to the reorganization are: the Company and its core wholly owned subsidiaries: LINE Corporation, Yahoo Japan Corporation, Z Entertainment Corporation, and Z Data Corporation.)

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Shareholders Meeting During Non-Peak Days	Since its foundation, Z Holdings Corporation has consistently avoided scheduling its General Meeting of the Shareholders on the days on which those of other companies are frequently held, in order to facilitate the attendance of shareholders.
Electronic Exercise of Voting Rights	In order to allow more shareholders to exercise the right to vote, votes may be cast over the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	For increased convenience for institutional investors, the Company participates in Electronic Voting Platform for institutional investors.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	For foreign investors, summarized convocation notices and shareholder meeting reference materials are provided in English as

	well as Japanese, and published on the Z Holdings Corporation website.
Other	To hold constructive dialogues with shareholders and investors, the Company holds the General Meeting of the Shareholders at the meeting venue as well as via the Internet for shareholders who are unable to attend the General Meeting of the Shareholders on the day of the meeting or those who live far from the venue. The General Meeting of the Shareholders is also broadcast live on the Internet and archived videos are available at a later date not only for shareholders, but also for all investors, whether individual or institutional, who are considering investing in the Company, so that they can watch the meeting without having to log in.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	Detailed explanations using slides and other means, on recent management conditions, as well as mid- to long-term growth strategies are provided at its Ordinary General Meeting of the Shareholders with the goal of helping individual investors deepen their understanding of the Company's operations. Furthermore, for individual investors who are not able to attend these meetings on the day, the presentations are streamed live and archived as video files for viewing on a later date.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	Z Holdings Corporation holds earnings results briefings in which the results are explained by the President and Representative Director, GCFO, and others. Leveraging live streaming, on-demand videos and teleconference systems, etc., the Company proactively shares the content of the earnings results briefings. Individual interviews and group meetings are also held for the research analysts of securities	Held

	companies and institutional investors, in which the President and Representative Director or the management explain proactively about the growth strategies and share operational information about the Z Holdings Group.	
Regular Investor Briefings held for Overseas Investors	“Overseas roadshows” are held, primarily in North America, Europe and Asia, in which the Company gains the opportunities to directly engage in dialogue with its foreign investors. In recent years, due to restrictions on overseas travel following the increase in the COVID-19 infections, it had been difficult to visit overseas investors through the "Overseas Roadshows." Therefore, the Company also provides opportunities for ongoing dialogue with a wide variety of foreign investors through videoconferencing.	Held
Online Disclosure of IR Information	Since immediately after its initial public offering in 1997, the Company has published quarterly financial reports to ensure timely disclosure and provide detailed overview of its financial and business operations. In addition, along with these quarterly reports, the Company provides a summary of matters that could become potential risks to the Company. Current publications, as well as an archive of all past ones, are published on the company website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Z Holdings Corporation has appointed a GCFO (Group Chief Financial Officer) responsible for the disclosure of information, has established an IR Department as a dedicated department for communicating with analysts and institutional investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating	Z Holdings Corporation stipulates a clear code of conduct within

Respect for the Position of Stakeholders

its “Charter of Corporate Behavior.” The Company hopes to respect the positions of its stakeholders, fulfill its corporate responsibilities to society, and improve corporate value.

Implementation of Environmental Preservation Activities and CSR Activities, etc.

The Company is committed to disclosing sustainability information and ensuring accountability, and to work towards the realization of a sustainable society by unlocking the future and continuously providing solutions to social issues with the power of technology. The Company has established the ESG Management Committee, which is owned by the GCFO, and promotes ESG measures and addresses the materiality issues in cooperation with each Group company (CSR promotion division, corporate division, and business divisions). The GCFO is committed to addressing the ESG-related issues, holds regular meetings with the President and Representative Director, and makes proposals to the Top Management Committee, the Board of Directors, etc. as necessary.

The Company strives to accurately understand the external environment surrounding the Group, identify the materiality issues based on an analysis of the risks and opportunities that arise, and build a governance system to address each issue.

■ Sustainability Management (Materiality)

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/01/#anc4>

■ Respect of Human Rights

<https://www.z-holdings.co.jp/en/company/humanrights/>

■ Caring for the health of the workforce and working environment

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/09/>

■ Fair and appropriate treatment

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/09/#anc2>

■ Fair and reasonable transactions with suppliers

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/17/>

■ Crisis management for natural disasters

<https://www.z-holdings.co.jp/en/sustainability/stakeholder/05/>

From 2021, the Company has received the highest rating of AAA in the MSCI ESG Rating for two consecutive years. For the third year in a row since 2020, the Company was selected as a component of the Dow Jones Sustainability World Index, one of the most prestigious global indices of ESG investment.

The Company has also been selected as a constituent of all five indices adopted by Japan's Government Pension Investment Fund (GPIF), one of the world's largest pension funds, namely, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), and S&P/JPX Carbon Efficient Index.

Addressing climate change

While information technology is making the world richer and more convenient, it is also placing an environmental burden in the form of CO₂ emissions from energy consumption, particularly electricity, and this burden is increasing with the expansion of the industry as a whole. As a measure to address climate change, the Z Holdings Group declared its support for TCFD^{*1} in June 2020, and officially joined the supporters. Referring to the TCFD recommendations, the Group conducts scenario analysis, summarizes risks and opportunities, and promotes measures to address climate change as a Group.

<Governance>

The Z Holdings Group has established the ESG Management Committee, owned by the GCFO, to fulfill its social responsibilities and to aim to achieve sustainable social and environmental development. Climate change-related issues are also addressed through this framework in cooperation with each Group company (divisions in charge of CSR, corporate administration and business promotion). The GCFO is fully committed to environmental issues, meets regularly with the President and Representative Director, and makes recommendations to the Top Management Committee and the Board of Directors, etc., as necessary.

<Strategies>

As a Group in the IT industry, more than 90%^{*2} of the Z Holdings Group's CO2 emissions come from energy consumption through the use of electricity. To reduce CO2 emissions, the Group is constantly investing in state-of-the-art facilities at its data centers to maintain high power efficiency and reduce the growth of power consumption, and is gradually switching to power from renewable energy sources that do not emit CO2 in its power contracts.

<Risk management>

In line with the TCFD format, a scenario analysis on risks and opportunities is conducted and the results released in the Company's sustainability website^{*3}. The results of the analysis are reflected in the Company's business strategy through the division in charge of risk management and each business unit (company) as measures for risk management and creation of the Z Holdings Group's new business opportunities.

<Indices and goals>

In February 2022, the Z Holdings Group announced its "2030 Carbon Neutrality Declaration," whereby it commits to reduce greenhouse gas emissions ("GHG emissions") from the business activities of the entire Group to net-zero by FY2030. To achieve the goal by FY2030, first, more than 80% of the electricity used will be generated from renewable energy sources by around FY2025, and then the remaining electricity will be converted to 100% renewable energy sources over the following five years. Furthermore, in order to absorb the GHG emissions of other Group companies that are aiming to convert to 100% renewable energy in the 2030s, Yahoo Japan Corporation is now leading carbon negative^{*4} efforts to enable the entire Group to achieve carbon neutrality by FY2030. In addition, in cooperation with other companies that conduct business together with the Z Holdings Group, the Company has begun to study the possibility of reducing indirect GHG emissions^{*5} of these companies.

^{*1} TCFD (Task Force on Climate-related Financial Disclosures) is a task force established by the Financial Stability Board (FSB), an

	<p>international body participated by central banks and financial supervisory agencies of major countries.</p> <p>*2 GHG emissions subject to the GHG Protocol Scopes 1 and 2. (Results for 2022)</p> <p>*3 https://www.z-holdings.co.jp/en/sustainability/stakeholder/21/#anc1</p> <p>*4 GHG emissions subject to the GHG Protocol Scopes 1 and 2.</p> <p>*5 GHG emissions subject to the GHG Protocol Scope 3.</p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>Z Holdings Corporation has its own disclosure policy and defines IR as: “strategic managerial obligation whereby finance, communication, and compliance with applicable laws and regulations are integrated and whereby effective bilateral communication between the company and the market is enabled in a fair and proper manner.” The Company strives to disclose information in an impartial and detailed manner.</p>
<p>Other</p>	<p>The Company believes that maintaining good physical and mental health of those working in the Z Holdings Group is directly linked to their optimal work performance, and that this leads to the happiness of its employees and their families. Guided by these beliefs, the Company's President and Representative Director (now Chairperson and Representative Director) proclaimed the Good Condition Declaration in June 2018, and announced that amidst COVID-19, “the health, safety and security of the employees are the top priority” to all the employees of the Group.</p> <p>In Yahoo Japan Corporation, a major Group company, the managing corporate officer who concurrently serves as the president of the personnel-related group and Chairperson of YG Health Insurance Society, was appointed CCO (Chief Conditioning Officer). The Good Condition Promotion Office was established in Yahoo Japan Corporation to support the employees’ autonomous wellness management and to promote health and productivity management.</p> <p>In March 2023, Z Holdings Corporation has been acknowledged in the large enterprise category (White 500) of the Certified Health and Productivity Management Organization Recognition Program 2023 by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.</p> <p>Going forward, the Company aims to continue to be a company where employees can approach their work both physically and</p>

mentally in optimal condition.

*“Health and productivity management” is the registered trademark of Nonprofit Organization Kenkokeiei.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's Board of Directors has adopted resolutions regarding the "Systems for Ensuring Proper Business Activities" as stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act, and Z Holdings Corporation strives to appropriately implement the system.

Please refer to the Company's website on corporate governance for details.

< Basic Views on Internal Control System and Status of Development >

https://www.z-holdings.co.jp/en/sustainability/2023/06/naibutousei_202306_EN.pdf

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Z Holdings Group has a policy to eliminate any and all relationships that the Company might have with anti-social forces that menace the order and safety of civil society, and to resolutely oppose any unreasonable demands.

Based on this policy, the mandate for total separation from anti-social forces is clearly stated in the Company's "Charter of Corporate Behavior." In addition, Regulations on the Elimination of Antisocial Forces is established, which thoroughly rejects any relationship with anti-social forces, clearly indicating that even tangential relationships must be avoided and that absolutely nothing shall be done which may support the activities of such forces or groups. Moreover, in addition to preparing and disseminating manuals and circulars, as well as carrying out training programs regarding this policy, the Company also cooperates with external specialized organizations such as relevant police and government agencies and legal offices. The Group is a member of the National Center for Removal of Criminal Organizations, etc., and is engaged in collecting information about anti-social forces and the proper way to handle unreasonable demands, thereby strengthening its system for dealing with such scenarios.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

The Company considers the risk of a hostile takeover to be low at this time due to its shareholder composition and has not taken any specific anti-takeover measures, but will consider effective countermeasures against hostile takeovers and their necessity as appropriate.

2. Other Matters Concerning the Corporate Governance System

1. Attitude regarding the timely disclosure of information

Z Holdings Corporation carries out timely disclosure of important company information in accordance with the timely disclosure rules of the Tokyo Stock Exchange, Inc., the Financial Instruments and Exchange Law and other relevant laws and statutes as well as its own “disclosure policy”, which summarizes the Company’s stance on the disclosure of information. According to this policy, the Company strives to provide accurate and impartial release of company information once it has been thoroughly investigated and managed. In addition, from immediately after its initial public offering in 1997, the Company has published a quarterly financial report to ensure timely disclosure and provide a detailed overview of its financial and business operations. Furthermore, Z Holdings Corporation proactively provides this information by publishing all current and past disclosed information and explanatory materials on the investor information page of the company website, along with English versions of these documents for easy perusal by anyone. The Company will also continue to consider the further enhancement of disclosures in English.

2. Corporate system related to the timely disclosure of company information

Company-wide initiatives have been adopted to ensure the internal management of company information and its proper and timely disclosure. Multiple divisions dedicated to these tasks have been established under the oversight and instruction of the senior management. In order to increase the accuracy and depth of content of the disclosed information, the documents are checked by individuals in multiple divisions while internal auditors simultaneously and periodically check the competency of the internal control structure. Also, the eligibility and legality of accounting records are regularly reviewed by account auditors. In addition, timely and appropriate information is reported from the subsidiaries to the senior management and individuals in dedicated positions at Z Holdings Corporation. In accordance with the Company’s disclosure policy, this information is disclosed depending on the importance of said information.

The system related to the disclosure of information in Z Holdings Corporation is as follows:

(1) President and Representative Director, personnel responsible for information disclosure

Internal management of important corporate information, supervision of the timely and proper disclosure of such, and giving of instructions regarding close cooperation between companies.

(2) Legal Management Division

Management of important company information, acting as the Board of Directors’ secretariat office; performance of legal checks; management of internal information (insider trade prevention); understanding of management-related information of subsidiaries; day-to-day management support and information sharing with the administrative business of subsidiaries, etc.

Furthermore, in collaboration with the Finance Management Division, Public Relations Department of Corporate Communication Division, and IR Department, the Legal Management Division, as the division in charge of information disclosure, is responsible for the preparation of information release materials (IR releases) for publication using TDnet, and disclosure of information to investors and shareholders, etc.

(3) Finance Management Division

Supervision and information management of investment projects; preparation of securities report and others; understanding of financial information of subsidiaries; and cooperation with account auditors.

(4) IR Department; Public Relations Department of Corporate Communication Division

Organization of the earnings results briefings; preparation of information release materials (IR releases) for publication using TDnet, in collaboration with the Legal Management Division; and communications with institutional investors and the press.

(5) Group Risk Management Department

Collection and compilation of information regarding new risks to the business of the Z Holdings Group in collaboration with all Group companies, and publishing of the important risk information in securities reports.

3. Work processes related to the timely disclosure of corporate information

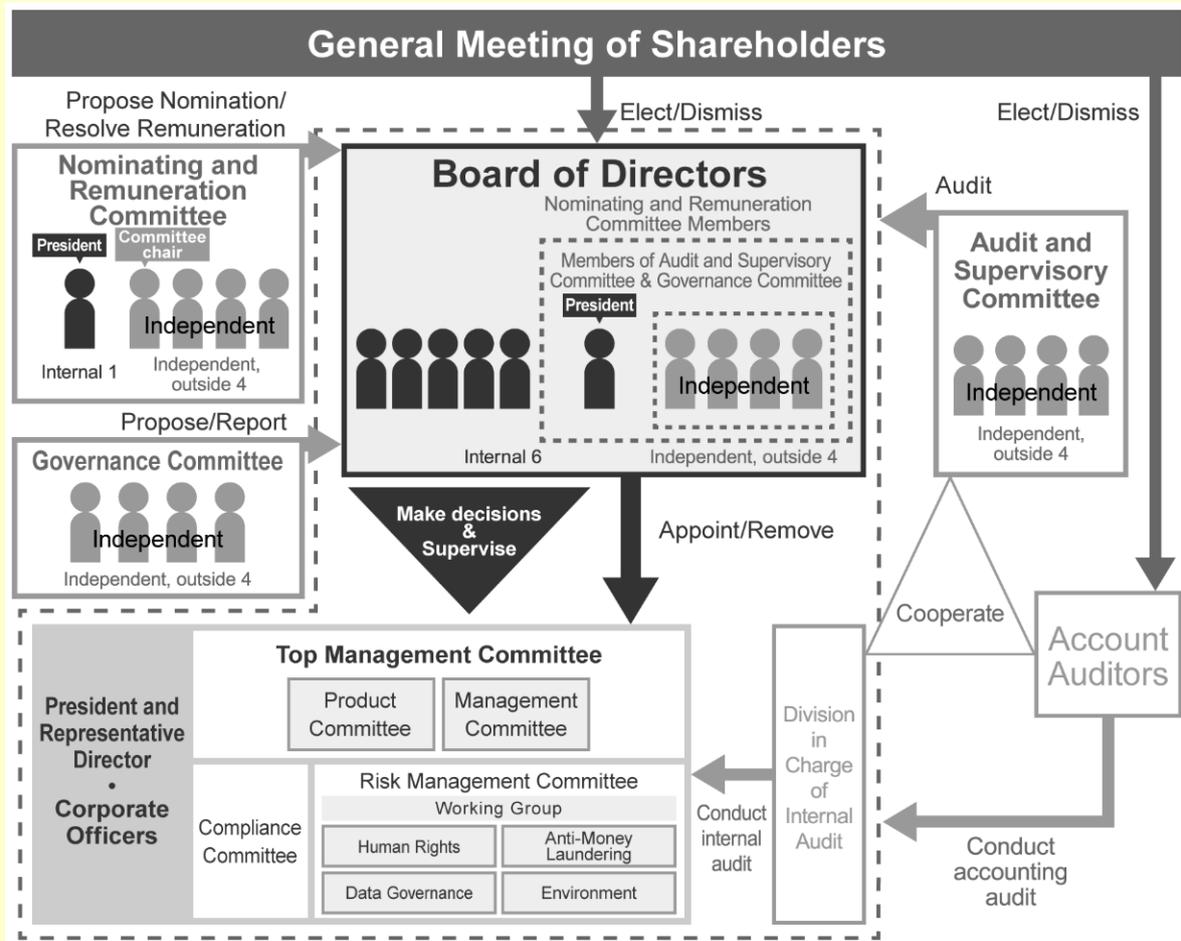
(1) Disclosure of facts related to decisions and incidents

Every internal department is to consult with the Legal Management Division, Finance Management Division, Public Relations Department of Corporate Communication Division and IR Department regarding relevant information in advance. The Legal Management Division and Finance Management Division judge each case from a legal standpoint in light of laws such as Financial Instruments and Exchange Act, make judgment based on Cabinet Office Ordinance on Disclosure of Corporate Affairs, and determine if the case is important or not based on the rules of timely disclosure of the securities exchange.

Afterwards, based on the content of the case, the Legal Management Division and Finance Management Division collaborate to create disclosure documents for release after they have been discussed and approved by the Board of Directors or approved by the personnel responsible for the disclosure of information.

(2) Disclosure of financial information and risk information

The Finance Management Division and the Legal Management Division collect financial information on the business results of the Company and the companies in the Z Holdings Group, and create materials. The information, including the information related to business risks collected by the Group Risk Management Department, is released after it has been approved by the President and Representative Director and personnel responsible for the disclosure of information.



Disclaimer

Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.

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